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79th plenary meeting
Wednesday, 24 March 2010, 3 p.m.
New York

President: Mr. Ali Abdussalam Treki ..... (Libyan Arab Jamahiriya)

In the absence of the President, Mr. Christian (Ghana), Vice-President, took the Chair.

The meeting was called to order at 6.05 p.m.

Agenda item 52 (*continued*)

Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

High-level Dialogue on Financing for Development

The Acting President: We have come to the end of the fourth High-level Dialogue of the General Assembly on Financing for Development. I would like to express my appreciation to delegations — more than 70 in total — for actively participating in this two-day event. Their constructive statements in the plenary meetings and round tables have greatly contributed to the success of this gathering.

I am grateful to the Secretary-General for delivering an opening address and outlining steps needed to reach the Millennium Development Goals (MDGs).

I am also encouraged by the active participation and contributions of the key institutional stakeholders, intergovernmental organizations, other international development institutions, civil society and the private sector. The engagement of all partners is crucial to the financing for development follow-up process.

The proceedings of this meeting have followed the success of the Conference on the World Financial and Economic Crisis and Its Impact on Development and the main part of the sixty-fourth session of the General Assembly. I would like to state with great satisfaction that Member States and other stakeholders in the financing for development process have engaged in a truly interactive dialogue, in the spirit of the Monterrey Consensus and the Doha Declaration on Financing for Development.

This Dialogue is particularly important as it is taking place in the run-up to the September summit on the MDGs. The wealth of ideas, initiatives and recommendations participants have put forward during these two days will serve as important substantive input to the preparations for the September event, in order to make its outcome more meaningful and actionable.

Given the time constraints, it is not possible to properly summarize, without shortchanging, the rich policy discussions that took place over the past couple of days. I will present a full summary of the Dialogue at a later date. At this time, I wish to highlight a few key points emerging from our discussions.

In the general debate on the overall theme, "The Monterrey Consensus and Doha Declaration on Financing for Development: status of implementation and tasks ahead", many speakers stressed the domestic mobilization of resources as the key source of financing for development. A number of speakers noted that developing countries must be afforded the policy

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space to carry out countercyclical policies and ensure national ownership of their development goals. Many speakers also emphasized that continuing efforts were needed to create an enabling environment for private investment, including through appropriate Government policies to encourage long-term investment.

The need for national efforts to be supported by a favourable international environment was also emphasized. In particular, the need for a speedy and successful conclusion to the Doha Round of multilateral trade negotiations was widely recognized, with many speakers stressing the importance of realizing the development promise of that Round's outcome. Several speakers called for the strengthening of market access commitments and for the provision of adequate levels of Aid for Trade, especially to address the specific concerns of the least developed and landlocked countries.

Many participants noted that all official development assistance (ODA) commitments must be fulfilled and that innovative sources of financing would be an important complement rather than an alternative. Moreover, it was emphasized that additional assistance was needed to deal with new and emerging issues, including the financing of climate change mitigation and adaptation efforts. Governments should work towards the conclusion of a comprehensive global legal framework within the context of the United Nations Framework Convention on Climate Change.

There was a widespread call for strengthening international cooperation for development in all its aspects, including North-South, South-South and triangular cooperation. It was stressed that these forms of cooperation should be mutually supportive and complementary. The role of public-private partnerships was also noted.

Some speakers pointed out that a broad spectrum of financing for development, including private capital flows, trade and remittances, should be mobilized. Also, it was noted that private capital flows to developing countries should be integrated into development strategies and refocused from the speculative application of funds towards productive investment. Some speakers made the point that promoting sustainable development was an important aspect of corporate social responsibility.

It was understood that least developed countries with special needs faced serious challenges resulting from the financial crisis, further undermining their attainment of the MDGs. The international community should assist those countries through increased and more effective ODA, greater market access complemented by Aid for Trade, reduced conditionalities, debt relief and risk mitigation mechanisms that encourage foreign investment. Countries emerging from conflict and natural disasters need well-coordinated, long-term assistance.

According to several speakers, the financial crisis highlighted the need to improve the governance of the global economic and financial system, including increased voice and participation for developing countries. It was stressed that the United Nations must play a central role in discussions on global economic governance to ensure policy coherence, coordination and the cooperation of all relevant stakeholders.

Some speakers focused attention on the financing for development follow-up mechanism, pointing out that it should be further strengthened to effectively monitor the implementation of the decisions made in Monterrey and Doha.

Round table 1 focused on the reform of the international monetary and financial system and its implications for development. Many speakers underscored the importance of enhanced macroeconomic and financial policy coordination and reform. The use of the Group of 20 (G-20) for these purposes was seen as a positive development. However, a much better solution would be to assign this function to a representative organization, such as International Monetary Fund (IMF).

It was noted that there should be more emphasis on macroeconomic surveillance of developed countries and large emerging economies, as well as financial markets. Also, more attention should be given to the implications of those countries' policies for the rest of the world.

Many participants stressed that the recent proposals on governance reform of the Bretton Woods institutions were an important, but only the first step forward. The reform should address all aspects of governance, including quota shares, the composition of boards, the process of management selection and staff diversity.

Many speakers emphasized the need to strengthen the role of the United Nations in discussions on global economic governance, the financing for development needs of developing countries, and international development cooperation. Some speakers stressed the importance of making the roles of the G-20 and the United Nations mutually complementary.

Several speakers underscored the importance of the reform of the global reserve system, while others noted that this was a longer-term process. In this regard, it was suggested that the role of special drawing rights should be significantly increased to serve international reserve and development purposes.

According to several speakers, despite recent important and positive changes, IMF lending could be further improved. The lending should become more automatic and predictable. Also, the IMF should collaborate more with regional monetary institutions.

It was stressed that finance should be restored to its proper role of serving the needs of the real economy. It was suggested that more effective and strict financial regulation was needed, including the regulation of cross-border capital flows.

Some speakers pointed out that the world needs an international mechanism for sovereign debt work-outs. Such a mechanism was indispensable to the orderly and timely resolution of debt crises.

Round table 2 addressed the theme "The impact of the current financial and economic crisis on foreign direct investment and other private flows, external debt and international trade". It was noted that the nature and intensity of the crisis and the speed and strength of the subsequent recovery have varied and will continue to vary between different regions and countries, as well as between different types of financial and trade flows. This needs to be factored into any analysis of the crisis and of attempts to prevent similar crises in the future.

The point was made that the crisis may have served to help the international community to focus on some worrying trends that had become evident during the pre-crisis period. These included the surges of short-term unproductive and volatile flows into a number of emerging economies with high interest rates, as well as the increasing role of speculation in driving commodity prices. It was not clear yet that the proper lessons had been learned.

Several speakers stated the importance of reaching an appropriate balance between economic stability and development. The adoption of countercyclical policies and instruments should be considered, as well as such measures as an international currency transactions tax and national capital controls.

The need to address the plight of many middle-income countries was referred to by some participants. It was pointed out that many countries of that group were vulnerable to the effects of the crisis and were highly indebted. Yet, they lack proper access to concessional finance.

In terms of preventing future crises, it would be helpful to develop early warning systems that would, for example, identify emerging asset bubbles. In order to ensure the authority of such a system, a panel of internationally renowned independent experts was mentioned as one suggested response.

Round table 3 discussed the role of financial and technical development cooperation, including innovative sources of development finance, in leveraging the mobilization of domestic and international financial resources for development.

Given the past performance of donor countries and current financial pressures, the Organization for Economic Cooperation and Development (OECD) now predicts a $17-billion shortfall in 2010, including a $13-billion shortfall to Africa, in reaching the 2005 aid commitments. Learning from the experience of donors who succeeded in fulfilling their commitments to increasing aid, all donors should establish clear and realistic medium-term spending targets for aid, and meet them with year-by-year increases.

The importance of universal access to the formal financial sector, including a full array of financial services, especially for those with low and uncertain incomes who required more financial management to smooth their consumption over time, was noted. It was suggested that more attention be paid to financing small and medium-size enterprises in a fashion similar to traditional microfinance. It was recalled that small and medium-size enterprises were responsible for 70 per cent of job creation in the OECD countries. The need for a global association of small and medium-size enterprises, similar to that for microfinance, was also pointed out.

In the context of new initiatives in innovative finance for development, there was a call for a timely introduction of the financial transaction tax as a source of funding dedicated to development, with potential to contribute to the fight against communicable diseases, such as tuberculosis and malaria, child mortality, early deaths and malnutrition.

Some participants expressed concern about relying on innovative sources of finance in terms of aid effectiveness, while others expressed their expectation that innovative financial mechanisms would yield additional funding to achieve the MDGs and tackle specific problems, such as illicit capital flows and tax evasion. Some delegations called to further explore innovative sources of finance, while others expressed reluctance to support non-voluntary taxes, such as an airline solidarity tax, to raise funds.

It was recalled that the European Union was awaiting a report of the task force on financial transactions tax, to come out in May. The forthcoming discussions would include other instruments of innovative financing. Many participants recognized the potential of innovative mechanisms to finance health, climate change and food security.

Some participants suggested that the United Nations should play a greater role in exploring innovative sources of development finance. It was recalled that the General Assembly had mandated an informal event on innovative sources of finance in the run-up to the September summit on the MDGs.

Some participants called for enhanced partnership with the private sector and civil society to make aid more effective and to transfer knowledge and skills to recipient countries and the organizations involved in capacity development in the field.

On the emergence of non-traditional donors, there was a call for further outreach to collect reliable and uniform statistics on their aid contributions.

The informal interactive dialogue had the theme "The link between financing for development and achieving the Millennium Development Goals: the road to the 2010 high-level event". There was broad consensus that achieving the MDGs required the scaling up of action on the part of developing and developed countries alike. MDG 8, on a global partnership for development, was based on the principles enshrined in the Monterrey Consensus and reaffirmed in the Doha Declaration on Financing for Development. Its implementation calls for the concerted and sustained effort of all relevant stakeholders, including Member States, institutional stakeholders, civil society and the business sector.

The recent world fuel, energy, financial and economic crises had led to lower incomes and higher unemployment in developing countries. They threatened the hard-won and uneven gains made in the fields of poverty reduction, health and education. Moreover, they further undermined progress on those goals, falling far short of agreed targets, especially the reduction of maternal mortality, the promotion of gender equality and environmental sustainability.

It was recognized that Goal 8 was crucial to mitigating the adverse impact of the confluence of recent crises on development, especially in countries with special financing needs. In that context, it was noted that the international community must deliver on its ODA commitments, enhance aid effectiveness, reduce aid volatility, fulfil the development promise of the Doha Round, increase Aid for Trade to compensate for loss of tariff revenue, extend measures to achieve debt sustainability, lower pharmaceutical prices in developing countries, and enhance access to technology to deal with climate change and increase agricultural productivity. Innovative sources of finance had proved their effectiveness in providing additional resources for the MDGs, and should be explored further.

It was also stated that good governance at all levels was crucial to the attainment of the MDGs. Domestically, developing countries should continue to implement national development strategies aimed at poverty reduction, job creation and sustained economic growth. At the international level, there was a need for comprehensive reform towards a more equitable, participatory and development-oriented financial architecture.

As the Secretary-General said yesterday, the United Nations has an important role to play in ensuring a robust and inclusive intergovernmental process to realize international commitments on financing for development and meeting the Millennium Development Goals. Looking back at our discussions over the past couple of days, it seems that we have been able to live up to that expectation. I am confident

that we shall proceed in this promising way towards the September summit and beyond.

The General Assembly has thus concluded the fourth High-level Dialogue on Financing for Development, as well as the current stage of its consideration of agenda item 52.

The meeting rose at 6.20 p.m.